of counter guarantee by Government of India (GOI) to the 1013.2 MW Mangalore power project proposed to be developed by Mangalore Power Company (MPC), of which M/s. Cogentrix Energy Inc., were one of the main promoters, *inter-alia,* stipulated the following :—

"the Power Purchase Agreement (PPA) between the Karnataka State Electricity Board (KEB) and MPC would have to be amended, wherever necessary, to adopt the following measures :—

(a) Not allowing income-tax on incentives to be passed through in tariffs.

(b) Not permitting additional profits to be deprived by the developer on account of actual operational perfomance being better than the normative levels fixed for the purpose of tariff fixation. Accordingly, to ensure that the reimbursement of fuel expenses does not become a source of profit, for the purpose of calculating the tariffs, the heat rate, auxiliary consumption and secondary fuel oil consumption would be determined on the basis of actuals or norms whichever is lower.

Ministry of Power has already issued an amendment to the tariff notification of March 31, 1992 vide notification S. O. No. 496 (E) dated 9th June, 1998 in this regard."

(b) Government does not perceive any adverse effect on investments in the Indian power sector on account of withdrawal by M/s. Cogentrix Energy Inc. from the Mangalore Power Project and the MPC. So far as the Mangalore Power Project is concerned, M/s. CLP Power international, who were parteners to M/s. Cogentrix energy Inc. in the MPC, propose to implement the project alongwith an Indian partner who would hold 30% equity in the company.

(c) Does not arise.

**Amendments in the Electricity Act**

4080. SHRI KRISHNA KUMAR BIRLA: Will the Minister of POWER be pleased to state:

(a) whether Central Government have been actively considering to bring amendments in the Electricity Act;

(b) if so, the reasons and justification in bringing amendments in the Elecricity Act; and

(c) to what extent the amendments in the Act is going to help various reforms in power sector in the country ?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (c) Yes, Sir. The Government of India have been actively considering to bring amendments in the Electricity Act.

The Electricity Supply Industry in India is presently governed by three enactments viz. The Indian Electricity Act, 1910, the Electricity (Supply) Act, 1948 and the Electricity Regulatory Commissions Act, 1988. With policy of encouraging private sector participation in generatation transmission and distribution and the objective of distancing the regulatory responsibilities from the Government to the Regulatory Commissions, the need for harmonising and rationalising the provisions in the 1910 Act, 1948 Act and the 1998 Act in a new self-contained comprehensive piece of legislation arose. Accordingly, it became necessary to attempt a new legislation for regulating the electricity supply industry in the country, which would replace the existing laws, preserve its core features other than those relating to the mandatory existence of the State Electricity Board and the responsibilities of the State Government and the State Electricity Board with respect to regulating licensees. There was also need to obviate the requirement of each State Government to pass its own Reforms Act.

Accordingly, the Ministry of Power asked the National Council of Applied Economic Research (NCAER) as a Consultant, to suggest legislative changes which would accelerate the reforms process. The NCAER has submitted a comprehensive Electricity Bill for the consideration of the Government.

The draft given by the NCAER was circulated for comments and advice to all States, their Electricity Boards, the Central and the State Regulatory Commissions, the CII, FICCI, ASSOCHAM, Independent Power Producers Association, Political Parties, members of the Standing Committee on Energy, Experts, Financial Institutions, private licensees like CESC, BSES and TEC and others. In depth discussions have been held with various stake holders. Detailed comments and views have been received from many quarters. The draft submitted initially by the NCAER has undergone changes and refinement after taking into account the various comments and views received.